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Chapter 7 Trustee

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re

ASHKAN MIRFAKHR RAJAEI and
NASSIM RAJAEI,

Debtors.

Case No. 24-00617-CL7

Chapter 7

**CHAPTER 7 TRUSTEE'S
EMERGENCY MOTION FOR AN
ORDER TO SHOW CAUSE RE
CONTEMPT AND SANCTIONS
AGAINST DEBTOR ASHKAN
RAJAEI; DECLARATION OF
JESSE S. FINLAYSON**

**[No Hearing Unless Ordered Per Local
Bankr. R . 9013-9]**

1 TO THE HONORABLE CHRISTOPHER B. LATHAM, UNITED STATES
2 BANKRUPTCY JUDGE:

3 Christopher R. Barclay (the "Trustee"), the chapter 7 trustee for the bankruptcy
4 estate of Ashkan Rajaei ("Rajaei") and Nassim Rajaei (together, the "Debtors"),
5 hereby moves the Court **on an emergency basis** for an Order to Show Cause why
6 Rajaei should not be held in civil contempt and/or sanctioned for willfully violating
7 (a) this Court's Order Converting Case to Chapter 7 [ECF No. 37] (the "Conversion
8 Order"), Order Granting the Trustee's Motion to Approve Settlements [ECF No. 159]
9 (the "Settlement Order"), and Order Granting the Trustee's Sale of Defensive Appellate
10 Rights [ECF No. 543] (the "Sale Order"); (b) Rajaei's statutory duties under 11 U.S.C.
11 § 521; and (c) the automatic stay under 11 U.S.C. § 362(a)(3).

12 This Motion is made on the grounds that Rajaei has recently filed motions in
13 State Court and District Court asserting that the Conversion Order is "void" and that
14 the Trustee lacks authority to prosecute the estate's causes of action. Specifically, the
15 Trustee seeks an Order finding that Rajaei has no authority to seek to vacate the
16 Trustee's court-approved dismissals of the estate's lawsuits or otherwise prosecute the
17 estate's causes of action, the Trustee has exclusive authority to prosecute and/or
18 dismiss the estate's lawsuits, and setting a hearing at which Rajaei must appear to
19 show cause why he should not be sanctioned for contempt and/or violation of his
20 statutory duties and the automatic stay. This Court's Order should also find that
21 Rajaei's recent filings in District Court and State Court are void because they violate
22 the automatic stay. This Motion is being filed on an emergency basis because the
23 deadline to oppose Rajaei's improper motions filed in the District Court is next
24 Monday, September 8, 2025, and the Trustee believes that it is important for this Court
25 to clarify that Rajaei's filings are improper before that deadline so that this information
26 can be provided to the District Court.

1 This Motion is based on the Notice of Hearing and Motion served herewith, the
2 attached Memorandum of Points and Authorities, the Declaration of Jesse S.
3 Finlayson, all papers and records in the Debtors' bankruptcy case, all matters of which
4 this Court may take judicial notice, and such further evidence and argument as may be
5 presented to the Court at or before the hearing on this matter

6 DATED: September 2, 2025

FINLAYSON TOFFER
ROOSEVELT & LILLY LLP

7 By: /s/ Jesse S. Finlayson
8 Jesse S. Finlayson
9 Attorneys for Christopher R. Barclay,
Chapter 7 Trustee

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MEMORANDUM OF POINTS AND AUTHORITIES

The Trustee submits the following Memorandum of Points and Authorities in support of the Motion:¹

I. INTRODUCTION

The Trustee is filing this Motion to protect the integrity of the bankruptcy process and defend against Rajae's improper collateral attacks on both this Court's jurisdiction and the Trustee's authority. As explained below, Rajae recently filed motions in both District Court and State Court asserting that the Conversion Order entered in this case is "void" and seeking to vacate the Trustee's court-approved dismissals of those actions. In addition, Rajae filed a motion seeking to vacate the State Court judgment entered against him and in favor of Tyler B. Davis ("Davis") and TopDevz, LLC ("TopDevz") despite the fact these rights were recently sold by the Trustee to Davis pursuant to the Sale Order. In essence, Rajae claims that the conversion of this case was obtained by "fraud" and, for that reason, the State and District Courts should ignore this Court's Orders, unwind the Trustee's actions in those cases, and allow Rajae to prosecute those actions rather than the Trustee.

Rajae's recent filings are a blatant and willful violation of this Court's Orders, his statutory duties, and the automatic stay. This Motion is being filed on an emergency basis because the deadline to oppose Rajae's motions filed in the District Court is next Monday, September 8, 2025. The Trustee believes it is imperative that this Court enter an Order making it clear that Rajae's motions are improper before this deadline so that this information can be provided to the District Court.

For these reasons, the Trustee requests an immediate Order finding that Rajae has no authority to seek to vacate the Trustee's court-approved dismissals of the estate's lawsuits or otherwise prosecute the estate's causes of action, the Trustee has exclusive authority to prosecute and/or dismiss the estate's lawsuits, and setting a

¹ Unless otherwise indicated, capitalized terms in this Memorandum of Points and Authorities have the meaning given to them in the preceding Motion.

1 hearing at which Rajae must appear to show cause why he should not be sanctioned
2 for contempt and/or violation of his statutory duties and the automatic stay. This Court
3 should also find that Rajae's recent filings in District Court and State Court are void
4 because they violate the automatic stay. The Trustee requests an order to show cause
5 hearing on the sanctions issue rather than the immediate imposition of sanctions to
6 give Rajae the opportunity to withdraw his improper filings and to allow the Court
7 additional time to consider the sanctions issue.

8 **II. BACKGROUND FACTS**

9 The Trustee's Motion is based on the following facts:²

10 **A. Prepetition.**

11 Prior to bankruptcy, Rajae and Davis were business partners in TopDevz. *See*
12 ECF No. 124-1 at ¶¶ 3-4. A dispute eventually arose between them, leading to
13 arbitration in February 2021. *Id.*

14 The arbitrator ruled in favor of Davis and found him to be the majority owner of
15 TopDevz. ECF No. 124-1, Ex. A at 64-68. The arbitrator also found that Rajae had
16 improperly taken millions of dollars out of TopDevz. Based on these findings, the
17 Arbitrator awarded Davis and TopDevz more than \$10 million in damages against
18 Rajae. *Id.*

19 The San Diego Superior Court later confirmed the arbitration award and entered
20 judgment in favor of Davis and TopDevz and against Rajae (Case No. 37-2022-
21 00026691-CU-PA-CT). *Id.* at ¶ 9.

22 Rajae appealed the State Court judgment.

23 In addition to appealing, Rajae sued almost everyone associated with TopDevz
24 and the arbitration process. Rajae filed three federal lawsuits in District Court against
25

26
27 ² The facts stated in this Memorandum of Points and Authorities are supported, in
28 part, by the prior Declarations submitted by D. Edward Hays [ECF No. 19], the
Trustee's counsel [ECF No. 124-1], and the Trustee [ECF No. 230]. The Ninth
Circuit has expressly held that this Court may consider such prior evidence. *See In*
re Acequia, Inc., 787 F.2d 1352, 1359 (9th Cir. 1986).

Davis and related parties and several additional State and Federal Court lawsuits related to the arbitration.

B. The Bankruptcy.

On February 26, 2024, the Debtors filed bankruptcy under chapter 11 of the Bankruptcy Code with this Court. ECF No. 1.

C. The Conversion Order.

On April 8, 2024, Davis and TopDevz filed a motion to appoint a chapter 11 trustee or convert the Debtors' case to chapter 7. ECF No. 19.

The Debtors opposed. ECF No. 24.

On May 9, 2024, this Court entered the Conversion Order and the Trustee was subsequently appointed. ECF No. 37. Among other grounds for conversion, the Court found that the "Debtor's litigation history ... suggests bad faith." *Id.* at pg. 4 of 5. The Court observed that Rajae's actions "suggest[ed] forum shopping and bad faith litigation tactics." *Id.*

D. The Settlement Order.

Over the next several months, the Trustee worked diligently to administer the chapter 7 bankruptcy estate. *See, e.g.*, ECF Nos. 136, 159 & 180.

When this case was converted from chapter 11 to chapter 7, the Trustee inherited the numerous pending lawsuits filed by and against Rajae.

After months of negotiations, the Trustee eventually entered into settlement agreements with (a) Davis and TopDevz; (b) Joshua Lintz, Talentcrowd, LLC, and several related parties; and (c) Piasecki Legal PC and Kolette Kresses. ECF No. 124. These settlements contemplated the payment of various settlement amounts in return for the Trustee's dismissal of several pending lawsuits with prejudice. *Id.*

On October 23, 2024, the Trustee filed a motion to approve these settlements (and one other). *Id.* The Debtors again opposed. ECF No. 141.

The Court conducted a hearing on the Trustee's settlement motion on November 25, 2024, and took the matter under submission. ECF No. 148.

1 On December 10, 2024, this Court entered the Settlement Order approving these
2 settlements. ECF No. 159. The Trustee received the settlement payments due under
3 each settlement, and filed requests for dismissal with prejudice of the estate's lawsuits
4 on or about December 30, 2024.

5 **E. Rajae's First Motion for Reconsideration of the Conversation**
6 **Order and Rajae's Appeal.**

7 On December 24, 2024, the Debtors filed a Motion for Order Granting Relief
8 from (1) Order Converting Case to Chapter 7; and (2) Order Granting Trustee's Motion
9 to Approve Settlements under Rule 60(b)(1) [ECF No. 176] (the "First Reconsideration
10 Motion").

11 The Trustee and Davis/TopDevz opposed. ECF Nos. 184-85.

12 On January 27, 2025, the Court conducted a hearing on the First
13 Reconsideration Motion and took the matter under submission.

14 On March 6, 2025, the Court issued a detailed Order denying the First
15 Reconsideration Motion. ECF No. 236. The Court concluded both that the motion
16 was untimely and that relief from Conversion Order was not warranted. *Id.* at pgs. 2-4
17 of 5. Further, the Court found cause to convert existed because there were multiple
18 grounds for a finding of bad faith, including the "Debtor's litigation history," "[f]orum
19 shopping and delay tactics," and filing the bankruptcy to avoid posting a bond with the
20 appeal of the arbitration award. *Id.* at pgs. 3-4 of 5.

21 On March 20, 2025, the Debtor filed an appeal of the Court's Order denying the
22 First Reconsideration Motion. ECF No. 257. That appeal is currently pending before
23 the District Court. *See Rajae v. Barclay et al.*, U.S.D.C. Case No. 3:25-cv-00667-
24 DMS-MMP (S.D. Cal.). Through this appeal, the Debtors are challenging the
25 conversion of this case from chapter 11 to chapter 7.

F. The Trustee's Motion to Sell Appellate Rights and TopDevz to Davis.

On April 2, 2025, the Trustee filed a motion to sell the State Court confirmation action, the estate's right to appeal the State Court judgment, and the estate's interest in TopDevz to Davis. ECF No. 288.

The Debtors opposed. ECF Nos. 323, 338.

On May 19, 2025, this Court conducted a hearing on the Trustee's sale motion and took the matter under submission. The Court then requested supplemental briefing. ECF No. 464.

G. The Sale Order.

On July 30, 2025, this Court issued the Sale Order approving the Trustee's sale of the estate's rights in the confirmation action and appeal to Davis. ECF No. 543. The sale closed on August 14, 2025. ECF No. 575.

H. The Trustee's Sanctions Motion and this Court's Tentative Ruling.

On June 18, 2025, the Trustee filed a Motion for Monetary and/or Non-Monetary Sanctions Against Debtor Ashkan Rajae (the "Sanctions Motion"). ECF No. 466. The Trustee sought sanctions against Rajae based on his repeated vexatious, harassing, and improper filings in this Court, including the Second Reconsideration Motion. *Id.*

On August 8, 2025, this Court issued a Tentative Ruling indicating its intent to deny the Trustee's Sanctions Motions without prejudice. ECF No. 557. However, the Court cautioned that "Debtor is plainly on the path to vexatiousness, should he persist in the types of serial filings that he has been submitting." *Id.* at pg. 1 of 2.

In the Tentative Ruling, the Court expressly warned Rajae that he may be declared vexatious if he continued to file improper papers in six categories, including: "[p]apers collaterally attacking the arbitration award;" "[p]apers outlining errors by the arbitrator or state court, or re-litigating the question of their jurisdiction;" "[m]otions

1 attacking or reconsidering the order denying reconsideration of his Chapter 7
2 conversion (ECF No. 236);" or "[m]otions attacking or reconsidering the order
3 approving the Trustee's settlement with various parties (ECF No. 159)." *Id.* at pgs. 1-2
4 of 2. The Court explained that Rajae had already appealed the order denying
5 reconsideration of the Conversion Order and the Settlement Order and "may present
6 his claims to the appellate tribunals ... [b]ut he may not continue to file abusive
7 motions on those orders here." *Id.* at pg. 2 of 2.

8 On August 11, 2025, the Court conducted a hearing on the Sanctions Motion
9 and took the matter under submission. ECF No. 563.

10 On August 15, 2025, the Court issued an Order Denying Motion for Sanctions
11 and a Pre-Filing Order that essentially adopted its prior Tentative Ruling. ECF
12 No. 569.

13 **I. Rajae's Improper Motions Filed in the State and District**
14 **Courts Claiming that the Conversion Order is "Void" and**
15 **Seeking to Vacate the Trustee's Court-Approved Settlements.**

16 On August 12, 2025, Rajae filed a motion to vacate the State Court judgment
17 confirming the arbitration award. Declaration of Jesse S. Finlayson ("Finlayson Decl.
18 at ¶ 5, Ex. A. In the first line of that Motion, Rajae claims: "Rajae ... has been
19 forced to follow the legal advice of Judge Latham to seek relief in the State Courts."
20 *Id.* According to Rajae, "Judge Latham has declined to review the San Diego
21 Judgment citing *Rooper-Feldman*. Rajae is appealing orders [sic] because the court
22 has a misapprehended view of facts and law induced by attorneys in their continued
23 conduct." *Id.* Rajae alleges that the State Court judgment was obtained by fraud, is
24 void, and should be vacated. *Id.*

25 On August 13, 2025, Rajae filed a motion in State Court to vacate the Trustee's
26 court-approved dismissal of the estate's lawsuit against Joshua Lintz, Talentcrowd,
27 LLC, and Amanda Frye. *Id.* at ¶ 6, Ex. B. In that motion, Rajae claims that both the
28 Conversion Order and the Settlement Order are "void" and can be ignored, and that the